

## Session could boost area industry

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Alabama might not be able to invest in incentives for three new industries -- including one in the Montgomery area -- that could bring thousands of jobs to the state unless a special session of the Legislature is held soon.

State Finance Director Jim Main told the *Montgomery Advertiser* Tuesday that he is urging the governor to call a special legislative session on Feb. 26 to consider raising the borrowing limit for state bonds for industrial recruitment from \$350 million to \$750 million.

Main said the additional bond indebtedness could be necessary for the state to compete for three new industries for which the state currently is in the running.

The finance director said confidentiality agreements prohibit him from disclosing details, but that one of the three industries is considering a location in or near Montgomery. He said Alabama is also competing with Mississippi for an industry that is considering a site in Northwest Alabama, and that another industry is looking at a South Alabama site.

ThyssenKrupp, a German steel manufacturer, announced recently that it had narrowed possible sites for a new plant to Louisiana and a location in Mobile County. That \$2.9 billion steel plant would employ about 2,900 people.

Main said the three industries considering Alabama would employ a total of about 5,500 people.

Main also said the special session could be used to consider constitutional amendments to set up constitutionally protected trust funds to help the state offset about \$19 billion in unfunded health costs for current and future retired state employees and teachers. While perhaps not as time sensitive as the industrial incentives, these trust funds are just as important.

But because of the industrial incentives, the timing of the special session is crucial. First the Legislature must approve the proposed amendment. But Main said it could not be placed on the ballot for consideration by the state's voters until three months after the session in which it passes ends.

A special session starting Feb. 26 would have to end by March 6 when the regular session is scheduled to begin. If passed in the special session, the referendum could be held in early June. But if it the proposal is not passed until the regular session which could last until mid-June, the referendum might not be able to be scheduled until mid-September.

By that time, Main said, the state could have missed out on all three industries.

Of course, it is possible that Alabama will not get any of the new industries even if the borrowing limit is raised. But Main said the state is currently actively pursuing as many as 10 potential new industries, so the higher bond limit could prove useful anyway.

The bonds would be issued by a special commission created in 2000 and chaired by the governor. The bonds would be retired with income from state royalties from oil and gas revenues. The industrial incentive commission currently can borrow about \$350 million, but Main said about \$305 million of that is currently obligated. The state's total bonded indebtedness is \$2.5 billion, so the proposed \$400 million increase would raise the total bond debt by about 16 percent. That is not an insubstantial amount, but it should be worth it for the state to be able to invest in attracting thousands of new jobs.

It is unfortunate that states have to invest so much in incentives to attract new industries and jobs, but such incentives are a fact of life in industrial recruiting today. Unless Alabama is willing to be competitive with its incentives, it might miss out on any major new industries and the state's economy could wither as a result.

We urge Riley to call the special session and legislative leaders to act quickly to put an incentive amendment before the voters.